



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION 7

11201 Renner Boulevard
Lenexa, Kansas 66219

MAR 26 2015

Mr. John Watts
Plant Manager
M.L. Kapp Generating Station
2001 Beaver Channel Parkway
Clinton, Iowa 52732-0370

Dear Mr. Watts:

This letter is in response to your February 23, 2015 request for a one-year compliance extension for the M.L. Kapp Generating Station's Unit 2 to comply with the Mercury and Air Toxics Standard (MATS). The MATS compliance date for this boiler is April 16, 2015. Interstate Power and Light Company (IPL) has requested a compliance extension until April 16, 2016, according to the provisions under 40 CFR § 63.6(i), because IPL asserts it needs additional time to convert this unit to natural gas so it is not subject to the MATS. The U.S. Environmental Protection Agency, Region 7 (EPA), by this letter approves a compliance extension as described further below.

Unit 2 will cease burning coal and operate using only natural gas and operate in such a manner that it will not meet the definition of a "coal fired EGU." This fuel switch will lower the generating capacity of the unit. Alliant Energy is awaiting approval from the Midcontinent Independent System Operator, Inc. (MISO) to lower the unit's generating capacity. Due to the extension, IPL is now required to achieve final compliance with MATS for M.L. Kapp Generating Station's Unit 2 by April 16, 2016¹. For clarity, we confirm that this extension also applies to the Part 63 Subpart A requirements triggered by the compliance date of the MATS. Final compliance shall include the conversion of the unit to natural gas so that it meets the definition of a natural gas-fired electric utility steam generating unit in 40 CFR § 63.10042 by the extended compliance date. From April 16, 2015 until Unit 2 is in compliance, IPL will minimize emissions by co-firing the maximum amount of natural gas possible.

The EPA understands that IPL may continue to review potential pollution control methods and equipment in the future and may select other equipment or methods that become available to meet compliance requirements at that time.

Pursuant to 40 CFR § 63.6(i)(11), IPL shall provide a letter stating when MISO authorizes IPL to convert Unit 2 to become fully operational on natural gas within 30 days of the approval. The letter will also provide an updated schedule, including the expected timing to complete any remaining on-site activities to implement the fuel switch.

¹ An extension to April 16, 2016 is the maximum allowed by section 112(i)(3)(B) of the Clean Air Act. EPA has an enforcement response policy, available at <http://www2.epa.gov/enforcement/enforcement-response-policy-mercury-and-air-toxics-standard-mats>, that describes the use of Section 113(a) administrative orders with respect to the sources that must operate in noncompliance with the MATS for up to a year to address specific documented liability concerns.



The letter shall be sent to Mr. Ward Burns, at EPA Region 7, and to the Iowa Department of Natural Resources (IDNR).

Pursuant to 40 CFR § 63.6(i)(4)(i), the compliance extension must be incorporated into the Title V permit. Notwithstanding this extension of compliance for the provisions listed above, IPL Unit 2 must meet all other applicable federal and State requirements. Pursuant to Section 113 of the Clean Air Act, IPL may be subject to civil fines and penalties of up to \$37,500 per day per violation, should compliance with 40 CFR Part 63 Subpart UUUUU not be achieved by the extended compliance date of April 16, 2016.

If you have any further questions regarding this compliance extension, please contact Mr. Ward Burns, at (913) 551-7960.

Sincerely,



Mark A. Smith, Chief
Air Permitting and Compliance Branch

cc: Brian Hutchins
Iowa Department of Natural Resources